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SUBJECT: ISRAELIS, PALESTINIANS, JORDANIANS MOVING FORWARD
ON JAPAN'S CORRIDOR FOR PEACE AND PROSPERITY

¶1. (U) SUMMARY: Japan, Israel, Jordan, and the Palestinians made further progress on Tokyo's "Corridor for Peace and Prosperity" (CPP) initiative at a ministerial meeting in Tokyo July 2. For the first time the parties were able to agree on the text of a joint press statement which indicated the site for the agro-industrial park which is to be the centerpiece of the initiative will be established in Area A in Jericho hopefully in early 2009. Other issues remain unresolved. Japan will contribute funding but the other parties also will undertake to find additional sources of financing. The ministers were received by Prime Minister Fukuda who underlined Japan's continued commitment to helping achieve peace in the Middle East. On July 3, the ministers participated in a public seminar where they shared their views on the prospects for peace in the Middle East. END SUMMARY.

PROGRESS ON CORRIDOR FOR PEACE AND PROSPERITY

¶2. (U) Tokyo was the site July 2-3 for the Third Ministerial-Level Meeting of the Four-Party Consultative Unit for the Corridor of Peace and Prosperity (CPP). The meeting was hosted by Foreign Minister Yasuhisa Kourumura and was attended by Palestinian National Authority Minister of Planning Dr. Samir Abdallah, Israeli Minister of Environmental Protection Gideon Ezra, and Jordanian Minister of Foreign Affairs Salaheddine Al-Bashir. The four agreed for the first time on the text of a joint press statement, which announced the parties have agreed on the site of the agro-industrial park that is the centerpiece of the initiative.

¶3. (U) The highlights of the press statement are that the project will be constructed in Area A in Jericho with possible future expansion in an "adjacent area." The feasibility study for the project being conducted by Japan International Cooperation Agency (JICA) is targeted for completion in November 2008, with the implementation phase of

the project foreseen to begin "as early as possible" in 2009.

Japan will provide an as yet unspecified amount of Official Development Assistance (ODA) for the project but the other parties undertake to "involve international and regional development funds" as well. The parties stressed the need to develop the public-private partnership aspect of the initiative and mentioned the creation of a Four-Party Agricultural Technical Cooperation plan. Left unresolved are the access routes from Jordan to the agro-industrial park. The economic efficiencies and security concerns of the proposed routes are still under discussion. Following the meeting, FM Koumura hosted a reception in honor of the delegations. The next day, the delegation heads addressed a public seminar on the prospects for peace in the Middle East.

¶4. (U) Prior to the ministerial meeting, the delegation leaders were received by Prime Minister Fukuda who welcomed them and stressed that the establishment of a viable Palestinian state, living in peaceful co-existence and co-prosperity with Israel, was indispensable to achieving peace in the broader Middle East region. Abdallah replied that cooperation between all the parties, especially Israel, is key to success, and called on Israel to make more land available to the Palestinians and to ensure access and freedom of movement for people and goods. Ezra called the meetings in Japan a model for future peace process cooperation, noting it was unthinkable a few years ago that such a meeting would be taking place, and said Israel would render support to the development of a viable Palestinian economy and to the improvement of Palestinian living

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conditions. FM Al-Bashir thanked Fukuda for Japan's support and cooperation both to the peace process and to Jordan, individually.

JAPAN: SUPPORT TO CONTINUE

¶5. (U) At the public seminar on July 3, Japan's Special Envoy for the Middle East, Ambassador Tatsuo Arima made note of the many obstacles which have appeared since the Peace Process was relaunched at Annapolis, but observed that the process continues due to the tenacity of those engaged in negotiations on both sides. He emphasized that Japan will continue to give its strongest possible support to both Prime Minister Olmert and President Abbas, and that it will persist in working with the Palestinians to enhance democratic governance capabilities through human resource development, the building of government infrastructure, and the development of a viable economy.

PALESTINE: ISRAEL MUST RELAX ITS GRIP

¶6. (U) Palestinian Minister of Planning Abdullah thanked Japan for its contributions to the Palestinians and explained that economic development is a key to the Palestinian vision of a free, democratic, progressive state with its capital in East Jerusalem. "Economic prosperity generates hope, and hope marginalizes extremism and helps to establish security."

He made a pitch for increased foreign investment, citing several times a March 2007 World Bank investment climate assessment report. However, he also asserted the growth of the Palestinian economy is limited and constrained by the Israeli occupation, citing roadblocks, checkpoints, and the wall as obstacles to Palestinian movement that limits them from using, enjoying, or accessing their lands. "True economic prosperity will come only with true Palestinian freedom and statehood -- starting with Israel substantially relaxing, and ultimately eliminating, its restrictions on the movement of people and goods with Palestine, to Israel, and to the rest of the world." Finally, Abdullah pointed out that economic projects and investments in the Palestinian

territories must be for the benefit of the Palestinians, not the Israelis. "Such projects should loosen and, certainly, should not entrench Israeli colonization of Palestinian land."

ISRAEL: HAMAS RESPONSIBLE FOR MAINTAINING "CALM"

¶ 17. (U) Israel, said Minister Ezra, believes that with regard to Palestine, there is no path other than peace, and there can be no other solution than the establishment of two national states for two peoples. This will involve painful compromises for both sides he continued. But despite Israel's best efforts to negotiate with the Palestinians, it must be remembered that Israel is facing "conflict thirsty" neighbors on both southern and northern borders: Hamas and Hezbollah, both of which are directly encouraged by Iran. Israel has accepted the "calm" with Hamas brokered by Egypt, but this cannot be sustained if Hamas simply uses it to rearm. "Terror and smuggling are the two grounds that will call for Israeli military action in Gaza," he warned. Hamas bears sole responsibility for everything that occurs in the Gaza Strip, and it -- not Israel -- is responsible for the maintenance of calm. Ezra also reminded the audience that no real progress to alleviate pressure on Gaza can be contemplated without Hamas addressing the issue of abducted

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soldier Gilad Shalit. Ezra also touched upon the threat to Israel posed by Iran, stating that its progress toward developing a nuclear weapon is unacceptable and must be stopped immediately, preferably by international diplomatic efforts. Finally, he positively noted recent developments on the Syria-Israel track which are being mediated by Turkey.

JORDAN: ISRAELI-PALESTINIAN DISPUTE IS CORE ISSUE

¶ 18. (U) Jordan believes the Israeli-Palestinian conflict is the core issue in the Middle East and is a major source for all other problems in the region, said Jordanian Foreign Minister Al-Bashir. Accordingly, Japan's CPP initiative must be acted upon as quickly as possible, as it aims to establish a solid relation between peace and security on the one hand, and improvement of living conditions on the other. In addition to expressing deep appreciation to Japan, Al-Bashir also emphasized the promises that were made in Annapolis must be delivered upon, and warned that the continuation of settlement activity greatly risks the ongoing negotiations in addition to fueling the seeds of doubt in the hearts and minds of many as to the seriousness of the peace effort. Al-Bashir also subtly noted that all components of the initiative, including the rehabilitation of the "Prince Mohammad Bridge" and the construction of a new cargo airstrip in Jordan -- both aspects of the CPP initiative that are the most important to Jordan, and the ones that have yet to be agreed upon -- must be included in the final plan in order to serve the mutual interests of all the parties involved.

ZUMWALT